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## THE WHITE HOUSE

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February 15, 1983

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY The Director of Central Intelligence

> THE HONORABLE ANNE ARMSTRONG Chairman, President's Foreign Intelligence Advisory Board

SUBJECT:

Soviet Defense Spending (U)

Questions concerning the Soviet economy have become increasingly important. The magnitude of Soviet defense spending and the relative burden of the defense sector within the Soviet economy can significantly affect a number of US national security policy decisions. In the past, answering these questions has proven to be difficult and contentious, both in the substance and in the analytic methodologies involved in the estimating process.

Because this issue is so important, the President has requested that an NIE addressing all aspects of the Soviet defense spending issue be prepared as soon as possible. This estimate should explore the full range of information and analysis available within the intelligence community. This NIE should draw upon, but take precedence over, any estimates now in progress within the community. (S)

The President's Foreign Intelligence Advisory Board is conducting reviews of our estimating capabilities in the area of the Soviet economy and the quality of our overall analytic process vis-a-vis the Soviet Union. Given the past difficulties with this issue, the President believes that the NIE on Soviet defense spending would benefit from concurrent involvement of the PFIAB. PFIAB would help develop the terms of reference and ensure a full exploration of the various methodological issues involved in this estimate.

Therefore, it is requested that an NIE on Soviet defense spending be developed with the full involvement of the PFIAB. You are both asked to give your personal attention and cooperation to this important effort. Please call on me if I may be of assistance to you.

FOR THE PRESIDENT:

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